

Frequently Asked Questions

Congressman Jim Nussle

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Answers to your Medicare Questions

Do I have to enroll in a drug discount card?

These drug discount cards are completely voluntary. That means enrolling is your choice. If you want to enroll, you must contact the company offering the card you choose. To get help comparing your options and to find out more about how to enroll:

- Call **1-800-MEDICARE** (1-800-633-4227) and ask about “drug savings”
- Look at www.medicare.gov on the web. Select “Prescription Drug and Other Assistance Programs.”

Who can get one of these drug discount cards?

Almost anyone with Medicare can get a drug discount card. The only people who aren’t eligible are those who have outpatient prescription drug coverage through Medicaid when they apply.

When can I get a drug discount card?

You can enroll in a drug discount card starting May 3, 2004. The discount cards will be good until December 31, 2005, when Medicare’s new prescription drug benefit starts.

Is there only one drug discount card I can get?

No. There are 45 different cards operating in Iowa. Medicare can help you compare your options before choosing a card. You may only enroll in one drug discount card each calendar year. If you are a member of a Medicare managed care plan, contact your plan about drug discount card options for members.

What is the cost of the drug discount cards? Is it good for both years or do I have to renew it?

Drug cards cost up to \$30/year, but many cost less. Cards are good for both years until the full plan goes into effect in 2006. It will not have to be renewed and will remain valid until you specify otherwise. If you qualify for the \$600 credit, you will not pay any enrollment fee.

When can we get our drug discount cards? Who gets the \$600 credit?

Seniors can sign up for the new drug discount cards beginning on May 3, 2004. The new cards will provide an annual, upfront pharmaceutical credit of \$600 for low-income seniors who are at or below 135% of poverty (estimated to be \$12,569 for individuals and \$16,862 for couples in 2004). Essentially, this card would be like an ATM card that you can use to buy your medicine, which already has \$600 credited to it.

Is it true that Medicare pays different charges in different states?

Just as housing costs, sales taxes and utility costs vary from state to state and region to region, so do health care costs. The widest disparity in health care costs occurs between rural and urban areas. One example is physician fees.

Currently, Medicare adjusts physician fees based on the local labor, practice and liability insurance costs. With this formula, many rural physicians receive less reimbursement for the same services than their urban colleagues. And as a result, many rural doctors have to severely limit the amount of Medicare patients they see, which greatly reduces health care access for million of rural seniors.

However, this landmark law includes \$25 billion to help reduce the disparities between urban and rural areas.

What will prevent the drug companies from raising the prices of drugs to offset the discount?

The government will aggressively monitor the drug card sponsors to ensure that drug companies do not engage in bait and switch tactics on prices. Increased competition for the business of 40 million seniors and the intense scrutiny by the government will keep prices in check. Seniors have their choice of cards, and the discount they receive will be helpful (10-25 percent). For those who have no coverage now, and for low income seniors, it is a good start until 2006.

Why can't we have price controls?

On the surface price controls appear to be an attractive option. But all the evidence shows that when the government tries to limit the cost of a good or service, those who produce that good or service limit the quantity produced, which, in turn, reduces access and availability. And I don't want to do anything that would limit your ability to get the life-saving medications you need.

We need to foster continuous research and development to pave the way for the cutting edge medicines of tomorrow. Price controls will inhibit that kind of innovation.

Can we put a ban on advertising for the drug companies?

Drug companies spend a lot of money on ads that—for the most part—don't provide direct information on what the drug does. There are a lot of complex issues to consider when we talk about banning or limiting the ability to advertise, including free speech issues.

Will participation in the Iowa Priority or other manufacturer sponsored discount cards affect eligibility?

No, if you currently have another discount card offered by the state or drug manufacturer, it will not affect your eligibility; however, you will only be able to use one discount card when purchasing your discounted drugs. You will not be able to have multiple discounts with multiple cards.

Is it the household income or individual income that decides how much coverage you get?

Household.

Why can't we buy drugs from Canada?

Obtaining cheaper drugs from Canada seems like the easiest and most appealing option, but is more complex than it may appear.

When drugs can come into Canada from other countries and then move into the United States, safety of the medications becomes much more difficult to verify.

Why will it take so long for the program to be in place?

The Department of Health and Human Services has a huge undertaking in implementing this new law. It is a tremendous task to have to establish a network of prescription drug providers and enroll, potentially, up to 40 million seniors. And don't forget, Medicare has committed to providing immediate savings by providing you with prescription drug discount cards that are now available.

Will there be any choices of programs?

Absolutely. Beginning in 2006, you will be able to choose from various plans—Health Maintenance Organizations (HMO), Preferred Provider Organizations (PPO) or traditional Medicare—whichever fits your needs the best. It's available to everyone, but totally optional to enroll. If you like the prescription drug coverage you currently have, you can choose to stay with your original plan and not pay one dime more. It's that simple.

Who is eligible for additional assistance with the drug discount card?

If you are single and have an annual income of no more than \$12,569 or are married and your annual income is no more than \$16,862, you might qualify for a \$600 credit on the drug discount card you choose. You can use that credit right away to help pay for your prescription drugs.

Why can't seniors have the same coverage as the Federal employees?

In 2006, Medicare will include a program called Medicare Advantage that will provide coverage to seniors similar to what Federal employees have available to them.

With Medicare Advantage, seniors will be able to choose from various plans—HMOs, PPOs and traditional Medicare. *REMEMBER: You can exercise your right to stay in traditional Medicare—that is ALWAYS your right.* But the choices given to seniors with Medicare Advantage are very similar to those choices that are offered to Federal employees.

Will the new Medicare law affect VA benefits?

No, and let everyone be clear: This plan is available to everyone who is eligible but totally, 100 percent voluntary. No one is going to force you to do anything. If you are happy with the coverage you are receiving right now—either from the VA or an employer or elsewhere—you can keep that coverage. But, you will have the option to enroll in a plan that will help you with your drug costs if you do not have any other type of insurance for your medication, or if you are unhappy with your current insurance.

Why can't Medicare and the Federal government negotiate prices with the drug companies?

Seniors will see some relief from high drug prices with this Medicare prescription drug benefit. For the first time, seniors will not be forced to pay retail prices for their prescriptions. With a drug benefit, seniors will now have group buying power, which will significantly drive down drug prices. The Congressional Budget Office (CBO) has predicted a previously uninsured senior will save up to 20 percent in negotiated drug prices – before savings from the Medicare drug benefit are taken into account.

Second, government pricing of prescription drugs currently exists in Medicaid, a program for low-income Americans, where they are subjected to government price setting through a so-called 'best price' provision. Unfortunately, this doesn't result in the best and lowest drug savings for those beneficiaries.

In the new law, prescription drug plans aggressively negotiate down drug prices because they have a financial stake in doing so. A government bureaucracy has no such incentive. The Congressional Budget Office has predicted that government-run plans produce less savings – not more – on the cost of drugs.

It's also important to note that this bill does more to reduce drug prices than any other bill that has ever been enacted. Seniors not only get group buying power, but also benefit along with all consumers from provisions that accelerate movement of cheaper generic drugs to the market.

What is the government doing to encourage companies to continue providing benefits to retirees?

The loss of current retiree coverage is quite scary. The problem is that it has been happening for years. So, one of the first things we did when creating this plan was to find a way to help former employees who have plans to keep them. Exploding health care costs have forced employers to drop health coverage for their retirees and have been doing so at alarming rates. If the current trend continues, more and more of the responsibility of providing health care will fall on the shoulders of the government, making it more expensive for taxpayers.

Employers want to keep offering health care coverage to their former employees, but need help. Under the new law, employers will be given measures to continue providing retirees their existing health care. In addition, employers will be allowed to fold into their retiree coverage the new features of Medicare— to encourage employers to continue offering retiree health insurance.

*All Information from the U.S. Centers for Medicare and Medicaid Services and
House Committee on Ways and Means*